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July 23, 2009

Honorable Martin Glenn  
United States Bankruptcy Judge  
United States Bankruptcy Court  
for the Southern District of New York  
One Bowling Green  
New York, NY 10004

**Re: In re Lexington Precision Corp., et al., Case No. 08-11153 (MG)**

Dear Judge Glenn:

This is the joint status report of the parties required by the Court's March 17, 2009 order regarding mediation and provides a summary of the events that have occurred since the sixth joint status letter dated June 22, 2009. The attorneys for the official committee of unsecured creditors (the "Committee") and prepetition senior lenders (the "Prepetition Senior Lenders") have reviewed this letter.

As stated in previous correspondence, the Committee submitted a settlement proposal to the Debtors after the mediation session on April 29, 2009 and on May 11, 2009 the Debtors made a counter-proposal. The Committee did not find the Debtors' proposal acceptable and has not yet responded with a further proposal. Messrs. Lubin, Strochak and Silverstein had a further call last week regarding the Debtors' proposal, and Mr. Silverstein indicated he would discuss the matter further with the Committee.

The Debtors are engaged in an active marketing effort to attract investors, with a goal of entering into a transaction that would provide financing for a plan of reorganization that would pay the company's unaffiliated noteholders (most of whom sit on the Committee) the value they ascribe to their claims. To date, the Debtors have met with more than one dozen potential investors and there appears to be substantial interest, although the absence of an agreement between the Debtors and the Committee remains an obstacle to completion of any transaction.

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The Debtors have been in contact with the mediator, Mr. Preston, in an effort to continue the process and work toward an arrangement with the Committee that will facilitate an investment transaction that will provide the financing necessary for a plan of reorganization.

The parties will provide a further status report in two weeks.

Respectfully submitted,



Adam P. Storchak

cc: Seymour Preston, Jr. (via email)  
Paul Silverstein, Esq. (via email)  
Gerard Bracht, Esq. (via email)  
Jonathan Levine, Esq. (via email)  
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